

**AFFIDAVIT OF GIDEON KAHANA**

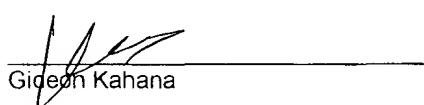
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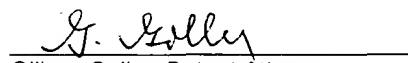
OFFICE OF PETITIONS

I, Gideon Kahana, an Israeli citizen residing at Kfar Meishar 132, G'derot, ISRAEL, I.D. No. 51825925 being duly sworn declare that

1. I am the managing director of SATEC ECOCHEM LTD. which company was the applicant of Israel Patent Application 131,652, which application was filed in Israel on August 30, 1999.
2. Dr. Solomon Flax was the inventor of the subject matter of the above-identified application and was an employee of SATEC ECOCHEM LTD. during the years 1998 and 1999 and terminated his employ at the end of 1999.
3. I have been advised and believe that under the provisions of Section 132 of the Israel Patents Law 1967 "An invention by an employee, arrived at in consequence of his service and during the period of his service shall, in the absence of an agreement to the contrary between him and his employer become the property of the employer.
4. I can categorically state that Dr. Flax was employed by SATEC ECOCHEM LTD. as its scientific manager and all of his inventions were understood to be developed for and the property SATEC ECOCHEM LTD, as this was the essence of his employment.
5. Unfortunately, upon termination of his employment disagreement arose between Dr. Flax and SATEC ECOCHEM LTD. and he has repeatedly refused to sign any documents relating to the company or his employ therewith.
6. As stated hereinbefore Israel Application 131,652 was filed in the name of SATEC ECOCHEM LTD. as the legal owner thereof and this was with the full knowledge and consent at said time of Dr. Flax.
7. I declare that the above is true to the best of my knowledge and understanding.

  
Gideon Kahana

Today this 26<sup>th</sup> day of June 2001 there appeared before me Mr. Gideon Kahana, personally known to me, and after having warned him that he had to declare the truth and that he would be liable to be punished according to the law if he would not do so, he made the above declaration that this was true and to the best of his knowledge and understanding and signed the same.

  
Gilbert Goller, Patent Attorney



STATE OF ISRAEL

# THE PATENTS LAW, 5727-1967

PATENTS REGULATIONS (Office Practice, Rules Of Procedure,  
Documents and Fees), 5728-1968

Authorised Translation from the Hebrew,  
Prepared at the Ministry of Justice

prescribed form and manner, apply to the Registrar for a review of the licence granted, on the ground that the circumstances which existed at the time of its grant have changed or that the licensee has infringed any of its conditions, and the Registrar may revoke the licence or vary the conditions thereof if he is satisfied that it is right so to do.

Compulsory licence  
to have effect of  
licence by  
agreement

128. A licence under this chapter and the conditions thereof shall have the effect of a licence granted under an agreement between the patentee and any other person who may be a party thereto, and the licensee.

#### Article Two: REVOCATION OF PATENTS IN THE PUBLIC INTEREST

Power of Registrar  
to revoke patents

129. (a) The Registrar may revoke a patent in respect of which a licence has been granted under this chapter if he is satisfied that the grant of the licence has been unable to prevent the abuse of the monopoly which was the ground for such grant.

(b) The Registrar shall not entertain an application under this section unless it is filed by a person qualified to receive a licence and after the expiration of two years from the day on which a licence under this chapter was first granted in respect of the patent in question.

Coming into force  
of revocation  
order

130. The revocation of a patent, under section 129, shall come into force upon the passage of sixty days from the date of the decision of the Registrar or on a later date prescribed by the Registrar. Where an appeal is filed against the revocation, the Court may suspend its coming into force or may attach conditions to such coming into force or to the suspension thereof.

#### Chapter Eight: SERVICE INVENTIONS

Notification of  
inventions

131. Where an employee has arrived at any invention in consequence of his service or during the period of his service, he shall notify his employer thereof as soon as possible; an employee shall also notify his employer as aforesaid of any patent application filed by him.

Inventions in  
consequence of  
service

132. (a) An invention by an employee, arrived at in consequence of his service and during the period of his service (hereinafter referred to as a "service invention"), shall, in the absence of an agreement to the contrary between him and his employer, become the property of

the employer, unless the employer renounces the invention within six months from the day on which the notification under section 131 is delivered to him.

(b) If the employee, in his notification under section 131, states that in the absence of a contrary reply from the employer within six months from the date of the said notification, the invention will become the property of the employee, and the employer does not make a reply as aforesaid, the invention shall not become the property of the employer.

Dispute in connection with invention

133. Where a dispute arises as to whether a particular invention notified under section 131 is a service invention, the employee or the employer may, at the expiration of three months from the date of the notification, apply to the Registrar for a decision.

Remuneration for service invention

134. In the absence of an agreement determining whether, to what extent and on what conditions the employee is entitled to a remuneration for a service invention, the matter shall be decided by the compensation and royalty committee established under Chapter Six.

Directives for determination of remuneration

135. In giving a decision under section 134, the compensation and royalty committee shall take into account, *inter alia*, the following factors:

- (1) the capacity in which the employee was employed;
- (2) the nature of the connection between the invention and the employee's work;
- (3) the initiative displayed by the employee in making the invention;
- (4) the possibilities of exploiting the invention and its actual exploitation;
- (5) expenses which according to the circumstances were reasonably incurred by the employee in order to secure protection of the invention in Israel.

Reconsideration

136. The compensation and royalty committee shall be competent to reconsider a decision under section 134 if, in its opinion, the circumstances which existed at the time of the decision have changed and it has been requested to reconsider it; however, the committee may order the applicant to pay costs if, in its opinion, there was no occasion for making the request.

Duty of State employee to notify invention

137. A State employee, a soldier, a police officer or an employee of a State agency or enterprise designated by

